

December 7, 1960

Investor's Reader

For a better understanding of business news

VISIT TO A VERSATILE
BRITISH STEELMAKER

(see page 20)



THE UNITED
STEEL
COMPANIES LTD



PAPERCRAFT DOLL

This young lady is all dressed up in paper. She wears a Ben Reig original made specially from one of the over 400 patterns in Papercraft Inc's new 1960 line of gift wrappings. The paper dress was just a gimmick to help introduce the Pittsburgh packager's new line and is not for sale. But Papercraft has over 200 different items of decorative papers, foils, ribbons and tags which it sells under the Kaycrest label to retail outlets all over the country.

Up to last year Papercraft concentrated solely on decorative packaging. Then in August 1959 it introduced Kaylene, a transparent plastic film (much like Dow's Saran Wrap) for use in wrapping foods and household products. Papercraft further diversified in May when it bought the LePage division of Johnson & Johnson. LePage makes glues, adhesives and cellophane tapes, had 1959 sales of about \$7,000,000 but operated in the red. With the elimination of some unprofitable lines Papercraft president Joseph M Katz reports LePage began making a profit "within 30 days of its acquisition." Joe Katz feels sales eventually "could reach \$25,000,000." This would be almost three times the current size of Papercraft itself which last year did an \$8,950,000 business accompanied by record profits of \$953,000 or 95¢ a share.

Papercraft first went public in 1958 when 250,000 shares were offered at \$15. A 2-for-1 split in 1959 plus this Summer's sale of 125,600 shares to help pay for LePage brought the total outstanding to 1,130,000 common shares (around 33 over-the-counter). The Katz family holds about 50% of the stock, as well as most of the officers and directors spots.

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The Gold Rush of 1960

London Dealer Says Buying Heavy, Non-Speculative; US Banker Dissents

THROUGHOUT the financial capitals of Europe, there is still an undercurrent of grumbling among hardheaded businessmen about the dollar and the price of gold. They were given a scare when gold in the London free market shot up to \$40.60 an ounce on October 20.

Though the price has settled to around \$36, one London gold dealer asserts: "It will take a long time to live that price rise down." Retorts a US banker: "All that is based on the premise the London gold market serves a useful economic function. In my opinion it should never have been reopened in 1954. A gold market with official participation by central banks is an anomaly. It's like saying you're going to be partly virgin or a little pregnant."

Much of the trouble which led to the latter-day gold rush has stemmed

from the US un-balance of payments (IR, March 30). It has been adverse principally because of the large money outflow from foreign aid, military expenditures overseas and capital investments abroad. Additional trouble stemmed from weakness in the current US business picture which has caused interest rates to be lowered and has made investment in interest-paying paper in other countries attractive.

Foreign Foreign Aid

Now some of these difficulties may be eased by the recent West German decision to lay out some \$1 billion in foreign aid funds. More concessions may be forthcoming from the recent visit to Bonn of US Treasury Secretary Anderson and Under Secretary of State Douglas Dillon. Two weeks ago President Eisenhower ordered a drastic Governmental assault against spending by US agencies and military personnel overseas. Moreover the interest rate problem was

eased somewhat within the past month when Britain shaved a half percentage point from her bank rate to bring it to 5½% while Germany chopped a full point to lower hers to 4%.

Talks with European businessmen show a chronic pessimism about the dollar and the price of gold. Listen for instance to a Dutch export-import man in his home-like office overlooking a Rotterdam canal: "I think the US will have to raise the price of gold and I can give a good argument to prove it. If American companies give labor a raise every time they ask for it, there's more inflation, the dollar buys less & less and eventually they'll have to raise the price of gold."

More Foreign Thought

These thoughts are echoed by a Czech-born US importer as he waits at Paris to board a Transatlantic jet: "I think the US will have to devalue eventually." In Geneva, a Swiss-born representative of a US bank says: "I'm wondering what to do myself now. I don't think buying gold stocks is a direct enough answer. I think I may have to buy gold." The French love to buy gold "Napoleons" and in Paris the first idea to strike the mind of a porter as he lifts a heavy suitcase is to ask a traveler "what you got in here, gold?"

US bankers counter these views by saying that in actual goods exchanged—apart from US aid payments, investments overseas, etc—US exports exceed imports and have been doing so for a good many years. In fact so far this year they have moved ahead faster than in any

previous year. Exports of merchandise are expected to reach \$19.7 billion in 1961, up from \$16.2 billion in 1959. Meanwhile imports are expected to be \$15 billion, off from \$15.3 billion a year earlier.

Explains one banker: "We undertook our aid payments in the first place partly to relieve the dollar gap. Now Europe is in good shape and there's a dollar glut. But if we were to continue to earn a nearly \$5 billion surplus on trade account every year the way we did this year, every other country in the world would soon be screaming uncle."

There has been some talk about devaluation of the dollar which would be followed by devaluation of virtually all other currencies. The only one left would be the Deutsche Mark (DM). This prompts the reply from the US banker: "The DM is a strong currency, but it's got some artificial props, too. Let's see how strong it would be if those props were knocked from under it. They have a 4% subsidy on every export and a 2% penalty tax on every import. Furthermore they have a flat prohibition on all wheat and coal imports from the US. The Germans are behaving as if there were still a dollar gap."

The latest flurry of fatalism was spotlighted when the gold market simmered over. According to the London gold dealer, the flurry was preceded by a build-up of six months or more. During that time Swiss bankers were getting some clients into gold and going short of dollars. As this was happening restrictions on foreign investment in Switzerland

were tightened and this tended to seal off one other outlet for hot, or even plain investment-seeking, money (IR, September 14). In the weeks immediately preceding the rush, more buying pressure came from France. One reason was the heating up of the Algerian problem; another was President De Gaulle's statement France would have to arm itself with nuclear weapons—at great budgetary strain.

Yet another alleged reason was trouble with the engine not of the economy but of the ship which carried some \$14,000,000 worth of gold bullion (about a month's South African output) to London. The ship was forced to limp to a haven in the Azores while offerings in the always thin London spot market became still more scarce.

When the price of gold finally went above \$35.17, a psychological

trigger was released and the rush began. From the practical standpoint when the price in London goes above \$35.17 an ounce, it becomes profitable to buy gold in New York at \$35 and ship it to London for sale at the price there.

Treasury Stand

The price has now died down as profit-taking was spurred by the US Treasury's flat declaration the gold price would hold. Furthermore the Bank of England may have made some gold available while the Treasury has gone on record that it would not object if British authorities used gold obtained from the US to dampen private buying energy.

The London gold market is made by five bullion firms in the city. A "fixing" of the price (see picture) takes place each morning at the office of N M Rothschild & Sons among the representatives of the five

Knights of the Gold Table

THE TIMES, LONDON



houses. It is at the fixing that the Bank of England conducts its business for the day. Thereafter the market reverts to phone and cable wires of the five firms and is conducted like any over-the-counter market. A paradox is the fact that while Britishers conduct the market, they may not participate in it as individuals.

An interview with a respected London gold dealer points up the seriousness with which the Gold Rush has been viewed on that side of the Atlantic. First, he refuses to characterize the buying as speculative and considers it was an emergency move by conservative investors. "These are men with as much as \$1,000,000 in securities tied to the dollar who are worried about it and want to cut down their risk. There has been very little forward business in gold—it has been straight cash. The speculators tend more to make commitments for purchases at a later date."

This prompts a crackling reply from a US banker: "It's nonsense to say the buying wasn't speculative—of course it was. Anybody who's ever dealt in a fish market, a wheat pit or the Stock Exchange (and I speak with some dogmatism because I was on the floor of the Stock Exchange for ten years) knows it can't be anything else. On those flurry days the price rose steadily after the fixing until one or one-thirty in the afternoon and then slid. It was obvious those people couldn't hold their positions overnight and that they weren't putting up all the money themselves."

The London gold dealer also con-

tends trading volume in gold has been considerably higher than figures publicized in the US. Says he: "It has been averaging about \$20,000,000 a day and reached as high as \$45,000,000 on the day the price shot up. Statements that the volume was only \$10,000,000 a day are baloney."

Replies the US banker: "The only people who really know what the volume was are in the Bank of England and they don't make such information public." It is understood, however, that the Federal Reserve Bank of New York, fiscal agent for the Treasury, kept to the sidelines in the original crisis partly because of advices from the Bank of England that volume was not great.

A Funny Market

Once the price began to move, says the London dealer, there was a pickup in volume. "Gold is a funny market. When the price rises, demand increases and when it goes down, demand drops off * * * The whole problem might have been avoided if on the day it went above \$35.17 an ounce the Fed had sold \$100,000,000 or \$200,000,000 on the market and shown it wouldn't be bullied." But the Fed apparently felt it was not even being provoked, much less bullied.

A factor which caused some extra concern in Europe was the presence of buying by Americans. Citizens of the US may only buy gold to be held for them abroad. They do this principally through some Canadian or Swiss banks which in turn buy the gold for them on the London market.

There have been moves into gold stocks by some and purchases of gold to be held overseas by others. Still the belief is firm that Congress will not change the price and that steps will be taken to get at the balance of payments problem which lies at the root of the London gold rush.

And time tends to work strongly against anyone who puts his money into gold because he counts on eventual devaluation. Snaps one US broker: "The same people who advise rushing into gold now have been singing the same song for over a decade. Anyone who followed their advice then would not only have his money tied up with absolutely no return on it—far less any capital gain—but on the contrary he has to pay storage fees on his gold. Even if devaluation were to come now—and I certainly see no signs whatsoever—it would take a helluva big one before such a gold 'investor' came even close to breaking even."

Aluminium Alignment

WITH North American aluminium producers bogged in overcapacity, Canadian-based Aluminium Ltd faces more intense competition for its primary aluminum ingot in world marts. Pittsburgh-born president Nathanael Vining Davis stated the problem last fortnight at a meeting of the New York Security Analysts: "In the past six years * * * from a world situation of insufficient supply * * * there has been a simultaneous expansion of primary capacity by all North American producers. This has resulted not

only in excess capacity but also the emergence of US producers as important exporters in overseas markets."

Despite heightened international competition for primary ingot Aluminium reports: "There has been a burgeoning in our overseas fabricating business over the last twelve months." For the nine months ended September the company and its affiliates report "a 20% increase in semi-fabricated tonnage" over the same period last year. President Davis points out: "Our fabricating business has contributed substantially to the increase in our profits so far this year."

Through September net more than doubled to \$31,900,000 or \$1.05 a share on only a 20% increase in sales to \$380,100,000. About 9% of the nine-month profits this year are non-recurring. For the full year president Davis makes no predictions. Growth in the company's international fabrication business shows signs of leveling off and Nathanael Davis emphasizes "the international market for aluminum is unusually complex and competitive."

Long Term Optimism

For the long term he is far more optimistic. "Consumption and production on a free world basis could come within reasonable balance sometime between 1962 and 1966, depending on the health of world business generally. And given a stronger volume of sales, Aluminium Ltd has facilities capable of producing a substantial increase in earnings."

BUSINESS AT WORK

SPACE

Martin Payoff

THE TRIP from planes into space work on which chairman George Bunker and president William Bergen have so eagerly piloted the Martin Company (IR, July 6) is paying off in very down-to-earth benefits for Martin's 15,000 stockholders. Last week Messrs Bunker & Bergen announced their last plane would be delivered before year-end, just about the time holders of the space-profit company will pocket a 50¢ dividend, up a dime from previous quarters. And next month the stock will be split 2-for-1.

MANUFACTURING

Bell & Howell Focus

EVERY MINUTE of its two-hour cycle around the earth the five tiny magnetic tape recorders in the heart of the Courier 1B communications satellite busily receive, store and transmit teletype messages to and from a network of ground stations. This unique miniature communications center (each recorder weighs only five pounds) is considered "one of the most startling advances in the industry." It is the research product of camera specialist Bell & Howell Company.

Space flight communications became an integral part of optics-minded Bell & Howell when it merged Consolidated Electrodynamics last January. The merger also gave Bell & Howell a foothold in a host of other interesting electronics projects. For example Consolidated

Electrodynamics is the world's leading producer of mass spectrometers. These precise instruments are used for quantitative and qualitative analysis of solid substances. The company is also a leader in the production of chromatograph-pneumatic control systems for the continuous process industries.

Bell & Howell executive vp Peter Peterson notes: "Presently about 70% of Consolidated sales are to Government military installations, the rest are industrial. We'd like to see more of its sales in the industrial field." Consolidated took a step toward that goal in July when it sold a half interest in its engineering and development division to farm equipment maker Allis-Chalmers.

Other industrial markets may be developed by Consolidated's research division which last year spent some \$4,000,000 on applied and basic research in such fields as mass spectrometry, solid state electronics, ion pumping, ultra-rapid photographic processing, electro-analytical chemistry and materials research.

The merger with Consolidated marked a big diversification step for Bell & Howell from its traditional photographic bailiwick. Actually the company had started to branch out two years earlier. In 1957 it acquired Inserting & Mailing Machine Company, a small maker of large mailing machines now known as Bell & Howell's Phillipsburg (NJ) division. Phillipsburg recently installed an automated mailer for San Francisco retailer Roos/Atkin. Without the

help of a human hand the machine gathers customer purchase receipts and monthly statements, adds return envelope and advertising folders, inserts this material in a mailing envelope which it then seals, imprints with postage and stacks for Post Office delivery. With increased use of punch card billing Bell & Howell vp Peterson expects "a growing market for Phillipsburg products."

Despite the widened scope of company operations, half of Bell & Howell consolidated sales are still in photographic products. The company, one of the pioneers of the 8mm & 16mm movie camera, still focuses primarily along movie camera and equipment lines. Its one still camera item: an electric eye model brought out in the Fall of 1958 which competes with Kodak's Starmite electric eye line. In the movie lines new products are rich. Last week it introduced a new 8mm movie projector with automatic film threader and remote control viewer. Other new photographic developments include two zoomatic (automatic lens change) movie cameras, a new slide projector.

Bell & Howell concentrates mainly on amateur photographic equipment. But it also fills professional needs with high-quality motion picture cameras, projectors, printers and film perforators. For the military it makes microfilm & microfilm equipment and lithograph and gun film.

Bell & Howell camera sales are not confined to home shores. Through a licensing agreement with Rank Precision Industries, Bell & Howell cameras and equipment are made



Bell & Howell heart goes in satellite

and sold throughout Britain and Europe. Pete Peterson notes "the company has 50% of the British movie camera market."

Last year on a consolidated basis Bell & Howell and Consolidated Electrodynamics Corp had sales of \$105,100,000 and earnings of \$4,900,000 or \$1.34 a common share. This was a record for Bell & Howell. On a pro forma basis it compares with a previous record of \$1.15 in 1956 after which Consolidated's earnings hit the skids; as a result combined profits fell to 99¢ in 1957 and still further to 49¢ in 1958 though earnings for Bell & Howell itself continued to climb. Through September this year the company has reported sales 16% ahead of last year to \$83,000,000, with profits of 94¢ v 88¢. For the full year Wall Streeters estimate sales could reach \$120,000,000 but figure earnings about the same as last year.

MUNICIPALS Pace Picks Up

After the early and still continuing sensational success of the Pennsylvania and New Jersey Turnpikes the toll road boom rode through a rough stretch of disappointment. While a few roads are still in deep trouble, the overall outlook is much brighter again with most projects faring from very well to satisfactory.

A graphic look at the improvement evident just during the last year is provided by the adjoining table which shows virtually every major toll road improved its interest coverage (ie, earned more) during the twelve months ended September than in the year-ago period. Sole exception is the Mackinac Bridge which leads to Michigan's sparsely settled but vacation-popular Upper Peninsula. It attracted much tourist curiosity when it first opened in late 1957 but has suffered

TOLL ROAD PROGRESS

	Twelve Months Ended 9/30/60	9/30/59	Times Interest Covered
Chicago Skyway	.42	.37	
Florida Turnpike	1.99	1.72	
Illinois State Toll Highway (10 Months ended 10/31)	.90	.62	
Indiana Toll Road	1.11	1.07	
Kansas Turnpike	.84	.76	
Kentucky Turnpike	1.51	1.39	
Mackinac Bridge	1.02	1.11	
Maine Turnpike	1.17	1.12	
Massachusetts Turnpike	1.28	1.13	
NJ Highway (Garden State)	1.53	1.33	
Ohio Turnpike	1.85	1.70	
Oklahoma Northeastern	.98	.85	
Oklahoma Turner	2.42	2.15	
Penn Tnpke (1952 Indent)	.49	.48	
Richmond-Petersburg Tnpke	.88	.80	
Texas Turnpike	1.27	1.14	
West Virginia Turnpike	.64	.62	

from lagging traffic ever since.

The general year-to-year improvement even extended to the hapless West Virginia Turnpike (now 18 months in arrears) which earned enough to meet 64% of its interest requirements, two percentage points more than the year before, and to the Chicago (Calumet) Skyway which has enough funds on hand to meet interest needs through at least next Summer. In both cases there is also some hope of eventual improvement from some connecting roads and perhaps even a little fringe assistance from the state.

Not shown in the table are the Jersey Turnpike which earns well over twice its total interest needs and is constantly calling large chunks of bonds, thus further reducing the interest it must pay. Coverage is also super-high on the main (1948 Indenture) Pennsylvania Turnpike which is retiring bonds at nearly a \$20,000,000 a year clip. Even allowing for some new expenditures, all the 1948 bonds should be redeemed within seven years, in ample time to funnel funds to the 1952 Indenture holders who now receive funds only from the relatively lightly traveled new extensions.

Particularly significant is that the general improvement in coverage goes on despite some recession-caused decline in US truck traffic as well as some increase in the toll roads' operating expenses. Analyzes one toll expert: "Evidently the toll roads are managing to attract more truckers and this is certainly encouraging."

METALS

International Nickel Note

IN THIS YEAR of somewhat meager business tidings stockholders of the International Nickel Company of Canada have enjoyed no fewer than three financial treats. In February directors raised the quarterly dividend a dime to 75¢. Then in April they declared a 2-for-1 stock split. Last month the 37½¢ (adjusted) quarterly was boosted anew to 40¢.

The fatter dividend payout comes atop a good nine months for "Inco." Sales of \$383,500,000 were up 20% over last year and earnings 7% to \$62,000,000 or \$2.14 a share *v* \$2 a share. The company credits "greater exports to Britain and other European markets" and increased copper prices. But while third quarter sales were 9% above the third quarter last year, earnings fell to 64¢ a share from 68¢.

And for the rest of the year the outlook is not so rosy. Wall Streeters figure profits for the full year at \$2.75 a share down from the \$2.92 earned in 1959. One reason is the sharp fall in steel production. Nickel is one of the prime components in stainless steel. Also last year's fourth quarter was swelled by very heavy copper shipments, largely due to strikes at US mines.

Looking ahead however Inco's metallic future glistens. The company produces about 60% of the Free World's nickel. It gets its metal from mines in the Sudbury area of Ontario, will soon begin full scale production at a new mine in Thompson, Manitoba.



Nickel alloy test tank

Inco carries on an intensive R&D program to find new uses and markets for its nickel. The picture above is not a leftover pre-historic monster's egg but rather an Inco R&D effort to adapt nickel to the changing technology of the ultra-cold world of liquified gases (familiarly called cryogenics). This huge test tank of 9% nickel alloy steel cracked under the extreme pressures of liquid nitrogen (-320° F.).

Besides nickel Inco mines also produce a wealth of other valuable ores. The company is third largest North American producer of copper, No 1 in platinum and a leader in cobalt and high-grade iron ore.

ELECTRONICS

Rectifier Record

ONE OF many in the cluster of electronic companies in and around Los Angeles is \$10,000,000-assets International Rectifier Corp. Though small in size the 13-year-old semiconductor specialist offers a vast product array of over 10,000 different electronic components.

About 85% of company sales are in selenium and silicon rectifiers and diodes. International discontinued the last of its germanium

products, a power diode early this year. Rectifiers are used in an almost unlimited number of electronic devices for converting alternating to direct current while diodes replace mechanical switches in computing and data processing equipment. International rectifiers range in size from 1/16 of an inch for miniature electronic assemblies to five tons for atomic reactors.

International gleans another 10% of its business from silicon solar cells which it makes under license from Bell Labs to power Government weather satellites. President and co-founder Eric Lidow expects "a 30% growth in sales here next year." The remaining 5% comes from selenium photoelectric cells more familiarly known to photographers as exposure meters.

Unlike most semiconductor manufacturers the bulk (73%) of International sales is commercial. It

sells to the communications and transportation industries, welding and battery manufacturers, electro-chemists, radio and TV. Only 10% goes to space vehicle manufacturers and 17% to other Government-sponsored users. No one customer accounts for more than 4% of total sales.

Sophisticated Market

Also unlike many of its cohorts International Rectifier "has experienced no competition from Japanese-made products." Headman Lidow amplifies: "We stay away from the mass, low-cost items [especially those used in the automotive industry] and concentrate our efforts on more sophisticated semiconductors. The Japanese do not compete in this market." Because of its selectivity International Rectifier profit margins (between 8-and-9%) are also higher than the industry average of 4-to-6%.

International's large civilian market and breadth of semiconductor products have paid off. Sales for the year ended June 30 were \$13,100,000 or 21% over fiscal 1959 and more than double 1955. Earnings were \$1,200,000 or 52¢ a share, up from 39¢ last year and triple five years ago. For the first quarter of fiscal 1961 sales were ahead 3% to \$3,300,000 while earnings were up a fraction of a penny at 12¢. The order backlog stands at \$3-to-4,000,000 or about the same as last year. President Lidow expects sales for the half year ending this month to be "up somewhat from a year ago but because of fluctuations in order intake in the last few months I can-

Production of quartz generators



not be more specific." As to profits, "they will at least equal the same period last year."

Looking ahead for the full fiscal year Eric Lidow estimates earnings at 60-to-65¢ a share. This is all from domestic operations since "International's foreign operations are not consolidated." The company has sales or assembly operations on a partnership basis in Japan, France, Britain, Holland, Denmark and Italy. "In some we hold a 30% interest, in others 50%. We favor partnerships rather than licensee operations."

At home International is bolstering sales with an extensive R&D program. Eric Lidow notes "the company will spend 8-to-10% of sales this year." Programs include miniaturization studies; work in control rectifiers; photoelectric cell materials (other than selenium) and thermoelectricity. Last year the company introduced 21 new products; this year it will bring out close to 30. This may seem a lot but as Eric Lidow points out: "An International product has an average life span of only five years; after that obsolescence."

Such matters however have caused little hesitation to electronics minded investors. They have bid the 2,406,000 shares of International Rectifier common up to 22 in the over-the-counter market, 50% ahead of its 1958 offering price. About 56% of the outstanding shares, however, are closely held by founder Lidow and other International Rectifier executives. Next week the company will begin life on the Big Board (see page 15).

WALL STREET

Record Number of Newcomers List This Year on the New York Stock Exchange

THE WELCOME MAT laid out so invitingly for every eligible newcomer by the New York Stock Exchange has been trod by an unprecedented number of companies this past year. As catalogued in the table on the next four pages, fully 55 corporate initiates have listed their stock on the Big Board since *INVESTOR'S READER*'s last annual roundup on November 11, 1959. This easily tops the 40 neophytes on last year's roster as well as the former record of 45 new listees in 1956-57.

The current tally does not count Air Control Products, AMP Inc, Collins Radio and Maremont Automotive Products whose listing date had not been set when last year's report went to press; all formally came on the Board in late November and early December. However it includes soybean processor Central Soya which announced its Big Board intentions a year ago November but whose shares remained over-the-counter till February.

Also omitted are such corporate reincarnations as Bell Intercontinental which took the place of Bell Aircraft after the latter sold its defense business to Textron this Summer, leaving the new Bell chiefly with a small industrial equipment business and cash available "for prompt action when opportunities are presented."

However, the newcomer group includes Jonathan Logan, formerly a privately held dressmaker, which in

February took over the corporate shell as well as the Big Board spot of oldtime miner Butte Copper & Zinc whose business had been acquired by Anaconda. Until a few years ago the take-over of a corporate shell automatically entitled the shell's new occupant to retain the NYSE listing. Now however a shell purchaser such as Logan must ask for a new place on the Board in its own right.

The Big Board's current class of debutantes includes 13 who have served an apprenticeship on the American Stock Exchange. Their departure has not greatly fazed the Junior Board whose own extremely active membership drive has added 103 new companies so far this year or virtually double the record number of Big Board additions (though considerably smaller in total size).

NEW LISTINGS ON THE

Adjusted for stock splits,

Company	Chief Business	Business Founded	Date Listed 1959
MCA Inc	TV film series	1924	Nov 25
			1960
*Arthur G McKee & Company	Engineer & contractor for heavy ind	1905	Jan 4
Marquardt Corp	Ramjets	1944	Jan 6
*Great Western Financial	Biggest Cal Savings & Loan Assn holder	1955	Jan 28
Jonathan Logan Inc	Dresses for Juniors	1935	Feb 4
Gustin-Bacon Manufacturing	Glass fiber bldg materials, insulations	1903	Feb 8
Central Soya	Soybean feeds	1934	Feb 15
Transitron Electronic	Silicon transistors, diodes, etc	1952	Feb 16
American Hospital Supply	Hosp & lab equip; parenteral solutions	1922	Mar 7
Vendo Company	Chief vending machine maker	1937	Mar 10
Tractor Supply (Class A)	Retails farm equip parts	1938	Mar 21
Suburban Gas	West Coast, Rockies LP distribution	1948	Mar 28
Dentists' Supply of NY	No 1 in false teeth	1899	Mar 30
*American Photocopy Equip	Office copying machines	1939	Apr 4
S D Warren Company	Quality printing papers	1854	Apr 18
*Standard Financial	Accounts receiv; mach instalments; leasing	1932	Apr 25
Northwestern Steel & Wire	No 19 steel producer; mostly in NW	1879	May 2
Torrington Company	Industrial needles; Columbia bikes	1898	May 16
*Armstrong Rubber	Replacement tires for independents, Sears	1916	May 17
First Charter Financial	No 2 Savings & Loan holding co	1955	May 25
Borman Food Stores	57 Detroit area supermarkets	1924	May 31
Carlisle Corp	Tubes, bike tires, brake linings	1917	June 1
Earle M Jorgensen Company	SW & Pac steel & alum distributor	1924	June 13
*Raymond International	Foundations, heavy construction	1897	June 15
Copeland Refrigeration	Compressors for commcl refrigs, air cond	1921	June 17
*International Resistance	Leader in electronic resistors	1925	June 20
Penn Fruit	Middle Atlantic supermarkets	1927	June 22

NOTE: Fiscal years ended on or before June 30, 1960 shown under 1959 earnings column.

The Amex now has 864 companies on its stock roster and despite the rapid rate of growth it states it turns away two of every five companies which apply.

As for the Big Board newcomers, they offer the usual wide range of size, age and occupation. Easily the biggest is sewing machine king Singer Manufacturing with \$496,000,000 sales last year, followed by Cen-

tral Soya with \$276,000,000 in the year ended June 30. In assets, where financial companies traditionally loom large, the lead belongs to the two California-based savings & loan holding companies among the newcomers. Great Western Financial reported \$716,000,000 consolidated assets as of June 30, First Charter Financial \$645,000,000 as of the same date. Singer's \$523,000,000

YORK STOCK EXCHANGE

Dividends and recapitalizations

A Share									
Res- ding (unds)	Latest 12 months	Earnings		Cash Dividends			Cash Dividends Ea Year Since	Ticker Symbol	Approx Market Price
		1959	1958	1960 Indicated	1959	1958			
96	\$1.52	\$1.28	\$1.18	none	none	\$03	—	MCA	34
44	3.00	3.52	3.55	\$1.50	\$1.38	1.25	1935	MKE	26
82	.78	.96	.87	none	none	none	—	MRQ	18
54	2.46	2.17	1.64	.24	.23	.21	1956	GWF	29
83	.70	.59	.40	.38	none	none	1960	JOL	14
60	1.66	1.43	.92	.50	.50	.50	1940	GBA	30
90	1.50	2.47	2.97	1.08	.99	.83	1942	CSY	22
03	1.08	1.08	.86	none	none	none	—	TRN	35
39	1.53	1.47	1.33	.65	.64	.55	1947	AHS	56
15	1.21	.97	.41	.38	.30	.30	1953	VEN	43
00	1.61	1.51	1.42	1.00	.84	none	1959	TSC	30
99	1.44	1.44	.86	.74	.55	.47	1950	SUB	39
24	1.72	1.51	2.16	1.25	1.25	1.23	1926	DSP	22
76	1.70	1.42	.90	.61	.45	.35	1957	APY	75
21	2.51	2.30	1.58	.88	.80	.70	1936	WRN	37
27	.69	.69	.54	.48	.44	.40	1946	SFR	12
52	2.35	3.38	2.02	1.00	.95	.70	1955	NSW	21
29	4.28	4.31	3.39	2.00	1.80	1.60	1899	TOR	39
04	2.91	3.47	2.08	1.40	1.20	1.00	1937	ARM	33
57	1.86	1.59	1.26	none	none	none	—	FCF	27
07	1.59	1.44	1.20	.53	.35	.02	1957	BRF	23
92	1.10	1.23	.96	.40	.40	.33	1950	CSL	11
50	.88	1.93	1.49	1.00	1.00	1.00	1952	JOR	13
74	1.48	1.72	1.34	.80	.75	.73	1936	RII	18
03	2.50	1.78	.99	.95	.75	.55	1946	CRF	25
83	1.44	1.29	.37	.28	.35	.20	1949	INT	28
80	1.48	1.03	1.23	.51	.33	.31	1952	PFR	16

Dividends shown for calendar year.

*Previously listed on American Stock Exchange.

assets rank next. At the lower end of the size scale is Tractor Supply Company with \$10,400,000 volume in the fiscal year ended October 1959 (sales were up 14% in the first nine months of fiscal 1960).

Cleveland-Cliffs Iron, one of whose predecessors started business in 1850, is the oldest company in the group followed closely by Singer and S D Warren. In addition to these three centenarians, at least nine

other companies can trace their ancestry into the previous century.

With the record admissions to the Big Board, the total roster of stock listees now stands at 1,143 with a grand total of 6.4 billion shares. But the number of companies is only 29 above the year-ago total because there was also the usual quota of departures. One company which left by the merger route was Temco Aircraft which joined Ling Electronics in

NEW LISTINGS ON THE

Continued from page 13

Company	Chief Business	Business Founded	Date Listed 1960
Orange & Rockland Utilities	113,000 elec, 46,000 gas customers	1889	June 29
DiGiorgio Fruit	Citrus & deciduous fruits in Cal & Fla	1920	June 30
Pan American Sulphur	Produces in Mexico; No 3 in world	1947	July 6
Cooper Tire & Rubber	Replacement tires & tubes	1914	July 11
Giant Portland Cement	In South Carolina and Penn.	1899	July 12
Norris-Thermador	Metal parts for cars, missiles, appliances	1930	July 13
*Singer Manufacturing	Sews around the world	1851	July 18
Southeastern Public Service	Ice, cold storage, LP & natural gas	1947	July 25
Cleveland-Cliffs Iron	Large iron ore producer; steel investor	1850	July 27
Spartans Industries	Popular-price apparel	1936	Aug 1
Bullock's Inc	Dept stores mostly near LA	1907	Aug 8
DuBois Chemicals	Dishwashing, other cleaning compounds	1920	Aug 15
*Holt, Rinehart & Winston	Merged publishers; 67% texts	1866	Aug 17
*Aro Equipment	Lubricating equip; aircraft access; air tools	1930	Aug 22
Indiana General	Leader in magnets	1910	Aug 23
Coca-Cola Bottling of NY	Franchise for Coke, Veep, Hires'	1920	Aug 24
Engelhard Industries	Platinum, rare metal fabrication	1875	Sept 7
*Hoover Ball & Bearing	Used in autos, electric motors	1913	Sept 13
*J W Mays Inc	1 Brooklyn, 3 Long Island apparel stores	1927	Sept 14
Ryder System	Miami-based truck line; truck leasing	1934	Sept 19
Ling-Temco Electronics	Electronics; missile subcontracts	1953	Sept 23
Olin Oil & Gas	Natural gas producer, pipelines	1953	Sept 29
*Basic Inc	Steel furnace refractories	1903	Oct 3
Pfaudler Permutit	Water conditioning; glassed-steel equip	1884	Nov 15
International Rectifier	Rectifiers, diodes, photoelec & solar cells	1947	Dec 12
Perkin-Elmer	Precision optical systems	1937	Dec 13
Suburban Propane Gas	East Coast bottled gas	1945	December
Mountain Fuel Supply	Nat gas to 690,000 pop area in Utah, SW Wyo.	1928	Pending

July. But by September Temco's old shareholders were back on the Big Board when Ling-Temco Electronics joined the list.

Others to disappear through mergers include ASR Products (into Philip Morris), Brown & Bigelow (into Standard Packaging), Madison Square Garden (into Graham-Paige), Wesson Oil (into Hunt Foods) and the long-awaited Erie-Lackawanna merger which created

one railroad out of two listees.

In several cases stocks were removed for failing to meet Big Board earnings, size or stock distribution standards, including Trans-United Industries (the former Artloom Carpet) and Cuba-troubled Central Violeta Sugar. But while departures will no doubt continue, such attrition should be more than offset by a continued influx of newcomers so the Big Board keeps growing bigger.

W YORK STOCK EXCHANGE

Shares standing (thousands)	Latest 12 months	Earnings		Cash Dividends			Cash Dividends Ea Year Since	Ticker Symbol	Approx Market Price
		1959	1958	1960 Indicated	1959	1958			
1,958	1.64	1.53	1.27	1.08	.93	.90	1917	ORU	36
1,320	.93	.78	1.03	.59	.55	.45	1945	DIG	17
2,309	1.31	1.50	1.66	1.00	1.00	.78	1958	PAS	13
866	1.27	2.01	1.50	.60	.55	.24	1950	CTB	8
2,107	1.77	1.94	1.45	.80	.67	.53	1954	GPO	16
1,416	1.97	1.64	1.28	.90	.75	.75	1950	NT	19
4,464	4.32	4.12	2.70	2.60	2.20	2.20	1863	SMF	55
1,155	1.25	1.15	1.08	.80	.80	.80	1948	SPV	13
2,267	3.68	2.43	3.21	2.00	2.00	2.00	1947	CLF	44
1,508	1.61	1.50	.84	.78	.45	none	1959	SPR	25
2,552	2.58	2.57	2.23	1.40	1.23	1.13	1930	BUL	31
2,477	1.06	1.03	.92	.40	.23	.05	1958	DU	15
2,245	not avail	1.25	1.01	.40	.10	none	1959	HRW	52
596	2.01	2.05	1.90	1.00	.95	.91	1931	ARO	20
1,125	1.28	1.38	1.01	.60	.60	.60	1950	IGC	32
2,334	1.47	1.61	1.02	1.00	.48	.48	1939	KNY	20
2,005	1.70	2.29	.32	.20	none	none	1960	ENG	18
1,278	1.15	1.49	1.64	.60	.49	.48	1935	HBB	22
920	1.75	1.65	1.28	.80	.67	.67	1951	MJW	20
2,083	1.48	1.60	1.50	.70	—	.65	1955	RDR	23
2,478	1.23	1.22	1.30	none	none	none	—	LTE	22
2,830	1.10	1.24	.89	.50	none	none	1960	OLO	16
1,180	1.32	1.81	.98	1.00	.75	.75	1937	BAI	15
551	3.81	3.04	2.72	1.40	1.40	1.40	1940	PPM	51
2,406	.50	.50	.39	none	none	none	—	—	22
1,147	1.05	.80	.72	none	none	none	1946	PKN	45
1,431	1.66	1.40	1.53	1.00	1.00	1.00	—	—	18
2,189	1.84	1.77	1.57	1.25	1.20	1.20	1935	MFS	29

An Innovation for Natural Gas

Columbia Gas System Provides Industrial Use For Modified Jet Engines

WITH a closed-circuit television presentation piped from Washington's Sheraton Carlton Hotel to the press in Chicago, Houston, Los Angeles and New York two weeks ago three forward looking companies introduced a "new concept of stationary power." The concept, already in workable form, is to harness the thrust of a jet aircraft engine to drive a compressor for natural gas transmission. The three sponsors are \$1.2 billion-assets Columbia Gas System Inc, the Pratt & Whitney division of \$531,000,000-assets United Aircraft Corp and \$48,000,000-assets Cooper-Bessemer Corp.

The basic energy is provided by a modified version of Pratt & Whitney's highly successful J-57 jet aircraft engine (over 19,000 in service) which has been adapted to run on natural gas. This engine (which generates its power through its own three-stage turbine and two compressors) provides the heat energy to turn the Cooper-Bessemer designed two-stage power turbine which operates the big compressor-booster (also by Cooper-Bessemer). The latter performs the basic function of a compressor station: to compress highly the natural gas flowing through the pipeline and thus give it enough push to travel further on its long way from well to consumer.

Called the RT-248 by Cooper-

Bessemer, the first such 10,500-hp jet gas turbine was installed in October at the Clementsville, Ky main line compressor station of Columbia Gulf Transmission Company, a wholly owned Columbia Gas System subsidiary. The RT-248 is now pumping 600 million cubic feet of natural gas daily.

Because the adapted jet engine never reaches jet take-off speeds, temperatures or stresses, its sponsors are confident of a prolonged service life with minimum maintenance needs. While still a test operation, the prototype is well enough debugged for Columbia Gulf vice president Seymour Orlofsky to predict: "By next Spring the jet gas turbine will be completely automated and will operate unattended."

The RT-248 enters a field presently dominated by piston engines (which power the compressor directly) and during the past ten years invaded by gas turbines. At present Columbia Gas uses gas turbines in two of its compressor stations, pistons in the other 145.

Original Cost Advantage

A key advantage for the aircraft-inspired newcomer is original cost. Columbia Gas estimates a complete 10,500-hp jet gas turbine station costs \$190 an installed horsepower. This compares with \$365 an hp for a reciprocating piston engine station and nearly the same amount for a conventional gas turbine plant. In addition the RT-248 weighs only 3.2 pounds for each installed hp as opposed to 16.5 pounds for equiva-

lent gas turbines and 65 pounds an hp for piston engines. Moreover a reciprocating engine needs over three times as much floor space as the RT-248.

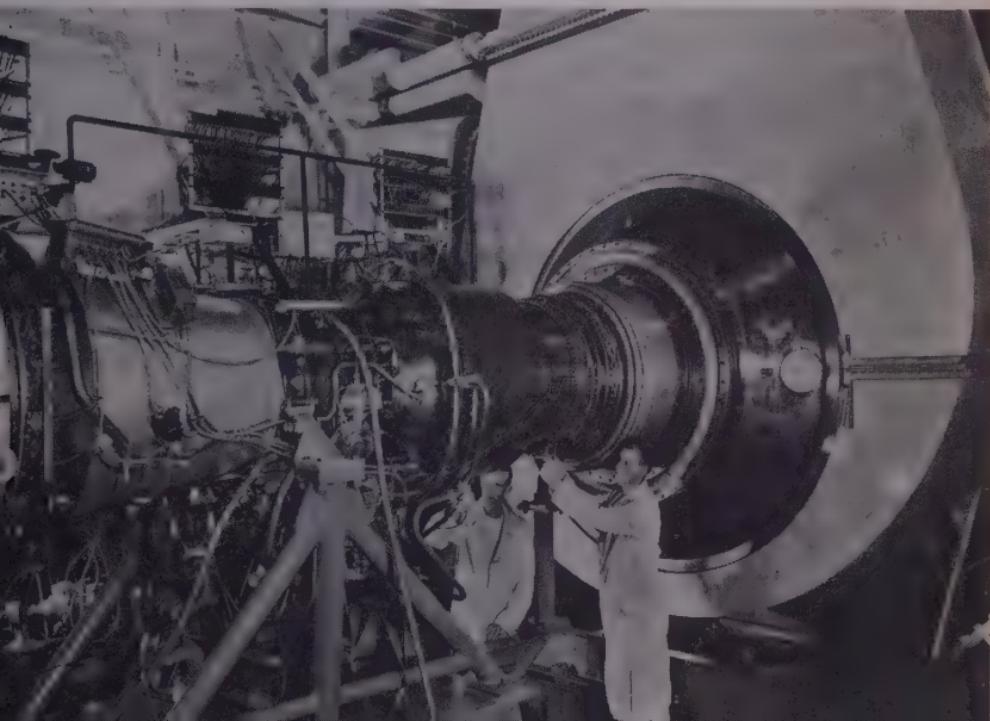
Based on the anticipated success of the Columbia Gas installation, Pratt & Whitney plans a whole family of jet gas turbines ranging from 350-to-15,000 hp. Besides natural gas, it expects the powerplants will find "widespread use" in the petroleum and petrochemical industries, electrical power generation and marine applications.

Of course, the RT-248 also has its share of disadvantages. It has a thermal efficiency of 25%. Present-type gas turbines would have a lower basic efficiency of about 20% which customarily is stepped up by an exhaust-capturing regeneration unit; this however adds substantially to installation and maintenance

costs. Meantime a super-charged piston engine can have a thermal efficiency as high as 41%. But Columbia Gulf executive Orlofsky feels "savings in maintenance and other operating costs" more than offset the lower efficiency of the RT-248. One important maintenance saving: the jet engine section can be removed and replaced in four hours while conventional systems require weeks of shutdown for overhaul.

Such savings are important to big gas distributor Columbia Gas. Through 13 subsidiaries it maintains an integrated natural gas system which runs through the Virginias, Kentucky, Maryland, Ohio, Pennsylvania and New York. Columbia sells natural gas at retail in 1,300 communities to nearly 1,500,000 customers. It also wholesales to 115 independent utilities, thereby

Test run for modified J-57



supplying an additional 1,850,000 retail customers.

Almost all (98% to be exact) of Columbia revenues come from natural gas operations. Among the minute sidelines, Columbia Hydro-carbon separates and sells propane, butane and natural gasoline to the liquefied petroleum market. Wholly owned Preston Oil Company produces oil in Kentucky, Ohio, Pennsylvania and West Virginia. Preston is also drilling exploratory gas wells in Louisiana to develop Southwest gas reserves for the System. Columbia Gas owns some Appalachian producing properties from which it drew 8% of last year's 794 billion cubic feet of natural gas requirements. Another tenth was supplied by independent Appalachian producers. All the remainder came from the Southwest where Columbia buys under long-term contracts from the principal pipeline companies such as Tennessee Gas and Texas Eastern.

Hungry Customers

Columbia's customers have shown a steadily increasing appetite for gas with volume up from 344 billion cubic feet and \$160,000,000 in 1950 to an estimated 790 billion cubic feet and \$512,000,000 this year. To keep up with demand Columbia spends huge amounts each year on construction. The 1959 bill came to \$97,000,000. This year the company will spend \$90,000,000 and has come to Wall Street twice to raise funds. Two months ago it sold \$30,000,000 worth of 5 1/8% debentures. In May it had offered 1,400,000 common shares at \$19.25 each. There are now 30,000,000

"CG" shares outstanding which trade on the Big Board near the year's high of 22.

The bulk of Columbia's expenditures goes into production, storage, transmission and distribution facilities. Automation is also becoming increasingly important. This year CG started construction of a \$1,500,000 microwave communications system which eventually will link all the operating subsidiaries. And besides jet-driven compressors, the company hopes use of non-corrosive, light-weight aluminum pipe will cut costs further.

Columbia's eye for economies along with some rate boosts have widened margins for the efficient, growing system. On a 14% rise in revenues during the twelve months ended September net income climbed 22% to \$44,200,000 or \$1.50 a share compared to \$1.30 on fewer shares a year earlier. Wall Streeters expect Columbia to report record 1960 earnings of at least \$1.50 a share *v* \$1.40 in 1959.

Part of the gains were passed on to CG's 183,000 stockholders in October when directors upped the quarterly dividend to 27 1/2¢. The old 25¢ rate had been maintained for four years. Based on the new dividend CG common yields 5%.

TOBACCO General Cigar Smoke

WITH DOMESTIC consumption of cigars estimated at a postwar peak of 7.2 billion this year, highest since 1923 and 4% ahead of 1959, Manhattan's General Cigar is smoking its way toward another good year.

The No 2 cigar maker (after Consolidated Cigar Corp) reported nine-month sales up 5% to \$46,100,000 while profits increased 13% to \$2,200,000 or \$1.55 a share *v* \$1.38. For the full year profits are estimated around \$2.25.

Last year on sales of \$61,000,000 General Cigar netted \$2,700,000 or \$1.89 a share as against the record \$2.11 of 1958. However a non-recurring profit of 66¢ a share brought total 1959 net to \$2.55.

General attributed the dip in operating income to "sales and promotional expenses" much of which went into the company's new smaller cigars. In addition to such standards as the popular William Penn, White Owl, Van Dyck and Robert Burns brands, General also makes the nickel-priced Robert Burns cigarillo regarded as the world's largest seller in its field. This Summer it brought out a White Owl miniature cigar aimed at the young man's market and modernized its packaging to create a "new image" for Robert Burns.

All General Cigar brands sell in the medium or low-price bracket. Observes General president Julius Strauss: "The industry increase in unit sales during 1959 is almost exclusively attributable to cigars and cigarillos retailing under 10¢ each."

General also has profited as a leader in automation with its "homogenized" tobacco leaf process for making the cigar's inner binder (IR, Nov 13, 1957). This process which automatically feeds sheets of re-formed tobacco into cigar making machines not only reduces General

Cigar's own labor and material costs but contributes handsome royalties from other cigar manufacturers both at home and abroad. Last year royalty income came to almost \$1,000,000. It was \$700,000 in 1958.

This year General is test marketing a new manufactured wrapper (as opposed to natural leaf wrappers). While the company notes "it is too early to tell how it will go," it has broken ground on a plant for full-scale production in Lancaster, Pa. General has not yet determined whether to manufacture the wrapper for other cigar makers or license the process as it does with its binder.

Acres of Supply

General Cigar gets over half its tobacco from 800 acres of tobacco farms in Connecticut. Up to last year it maintained a leaf stemming plant plus large stocks of Havana leaf in Cuban warehouses. These were closed down last year when the company "foresaw trouble" and president Strauss assures "we got most of our investment out of Cuba before the Castro government took over the industry." Left of the Cuban investment are only some empty warehouses which General will write off by the end of this year. Also thanks to its foresight General maintains it has a "larger than normal" supply of Havana tobaccos.

The Cuban chaos has certainly not affected General Cigar stock. The 1,400,000 common shares trade on the Big Board only two points below their alltime high of 35 earlier this year.

Meet One of Britain's Steel Leaders

United Steel Companies Shows Postwar Growth, Modern Production Methods

SHEFFIELD lies about 150 miles north of London in the southernmost reaches of Yorkshire. It has a hard-working population of 513,000 and a pair of highly regarded soccer teams, Sheffield Wednesday and Sheffield United. In the non-soccer world it is chiefly known for the excellence of its steel cutlery. It is also the home of British steel-maker United Steel Companies.

Supplying steel to its cutlery making neighbors is but a small part of the \$306,000,000-a-year business of United Steel which produces about one-eighth of the steel made in Britain.

It employs over 38,000 people and makes every kind of steel except tubes and wide strip. Among its particular distinctions was making and erecting the structural steel for the Jodrell Bank radio telescope (see picture, page 22). It also turns out the laminated steel springs to smooth the ride for Rolls Royce owners and their more diffident cousins who drive Bentleys. And closely related to the cutlery field, United Steel makes nearly all the razor blade steel used in Britain and a fair amount for export as well. Biggest customer: British plants of Boston-based Gillette.

The United Steel major product list includes alloy & stainless steel, railway materials, plates & sections, hot and cold rolled strip, light bars & wire and semi-finished steel. The

company operates four large iron & steel works, an engineering (ie, machine) plant including one of the largest iron foundries in the country, a structural steelwork company, a coke & chemical plant and a locomotive works. Perhaps most central to the company's economic well-being is the fact it sits only 60-to-80 miles from its own ore supply in the East Midlands and Cumberland.

It was with the aim of lining up essential raw materials that United Steel Companies was formed in 1918. The guiding figure in the amalgamation was the appropriately named Harry Steel, who headed the steelmaking firm of Steel, Peech & Tozer. It was his view the end of War I would bring a period of great expansion but he did not live to see its full realization. The coal strike of 1921 brought the postwar boom to an end and according to company secretary Ronald Peddie, "the sudden slump probably killed him."

Troublesome Twenties

Left leaderless, the company "went through some pretty sticky vicissitudes," said Ronald Peddie. Fierce competition and low prices caused empty order books for the next decade. Troubles were aggravated by a heavy capital spending program and by the coal strike of 1926. A complete capital reorganization of the company was required.

After the reorganization, from 1930 through War II, United Steel made its way uphill, only to run into nationalization. United Steel, however, was one of the last to be na-

tionalized (1951) and one of the first to emerge (1953). This period did have some effect on the company. Comments lean, thoughtful general managing director Alan James "Jim" Peech: "It hadn't quite got to the point when someone asked where you had got authorization to buy a pencil, but it was getting on to that."

United Steel is directed from its main office in a pleasant residential area atop a hill not far from Sheffield's central business district. Three of its four major plants are within a half hour's driving distance.

Largest United Steel plant is Appleby-Frodingham Steel Company, located in Scunthorpe and employing 11,000. Its main products now are plates, steel sheet piping, rolled steel beams and sections, arches and props for coal mines, bulb flats and track plate sections. It is an integrated plant, with four large blast furnaces (named Queen Mary, Queen Bess, Queen Anne and Queen Victoria), a sinter plant and coke oven batteries. The sinter plant was developed in early post-War II years to improve the local ore. Sintering and other ore improvement methods allow the company to make twice as much iron in its blast furnaces as was possible ten years ago.

A particular feature at Appleby-Frodingham is its three "Ajax" furnaces. These open hearth steelmaking furnaces have been especially rebuilt to allow the use of oxygen, thus boosting their capacity by about 75%. By 1964 all ten open-hearth furnaces at A-F will be converted to Ajax, raising capacity to 1,900,-

000 ingot tons from 1,500,000. To augment the gas supply for the Ajax furnaces the company is now building an oxygen plant at A-F.

Adjacent to the rolling mills of Appleby-Frodingham is ten-year-old United Steel Structural Company, the builder of the Jodrell Bank telescope. It is also participating in the building of the Hinkley Point nuclear power station in Somerset.

Coke and By-Products

Also close to Appleby-Frodingham is United Coke & Chemicals Company which operates coke oven batteries and supplies A-F with coke. It also pipes gas to Steel, Peech & Tozer and Samuel Fox, the two other nearby major members of the United Steel group. It has facilities for processing tar and other chemical by-products of coke.

The company from which the amalgamation idea originated—Steel, Peech & Tozer—is the second largest unit in United. SP&T's principal architect was Harry Steel's father Henry Steel. United Steel literature describes the older Steel as a man "who, having made one fortune in bookmaking, went on to do the same in steel."

Steel, Peech & Tozer has a staff of 8,500 and historically has been a big producer of railway materials including wheels and axles. But it also makes materials for forging and rerolling, for concrete reinforcement, for bicycles, motor cars, turbine rotors and engines. The SP&T works is now in the process of replacing its 21 open hearth steelmaking furnaces with six 110-ton electric arc furnaces capable of pro-

ducing 1,350,000 ingot tons a year. The project is slated for completion in 1964.

Cost of the expansion plan at Steel, Pech & Tozer is expected to be about \$28,000,000. This is only one of two major programs currently underway at United. The other—encompassing the rest of the big steelmaker's units—comes to a massive \$101,000,000.

United's specialist in special alloy and stainless steels is Samuel Fox & Company Ltd in Stocksbridge. About half its products wind up in automobiles—the stainless going for trim and fitting and the alloy steels inside the cars. Stainless steel under the trade name Silver Fox goes to both industrial and domestic users from oil refineries to kitchens. Steels for nuclear engineering are another specialty.

Samuel Fox has over 7,500 employees, five 80-ton open hearth fur-

Jodrell Bank telescope

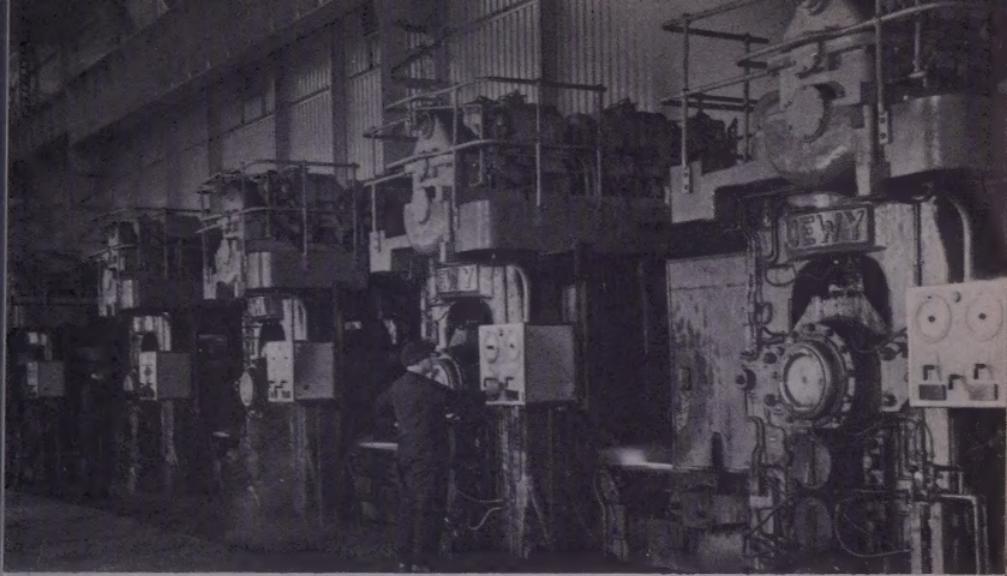


naces, two large electric arc furnaces whose massive graphite electrodes cause their charge to crackle and growl through the seven-hour heat period and several small electric arc furnaces. It also has a blooming mill, a bar & rod mill, wire mills, cold-rolled strip mills as well as shops for making coil and laminated springs, umbrellas and watch springs.

Workington Iron & Steel Company is the major plant farthest from headquarters. It is located in Workington, about 120 miles to the northwest of Sheffield on the Irish Sea. It has a dock which can accommodate 10,000-ton vessels and is equipped with eight powerful cranes. Workington is an integrated plant with three blast furnaces, two acid Bessemer converters and an electric arc furnace. Rails are a principal product.

Right next to Workington is the Distington Engineering Company which is an iron foundry and engine-making plant. The iron foundry produces some 2,000 tons of heavy iron casting each week, including ingot molds and slag ladles. The machine and assembly shops produce a wide range of mining machinery.

United Steel is a leader in research among the British steel companies and has its own central research laboratories in Rotherham near the Steel, Pech & Tozer works. In addition it maintains laboratories at each of its other major plant sites for quality control and on-the-spot production research. The central laboratory also takes on more basic



Continuous strip mill at Steel, Peech & Tozer

research tasks and has a staff of 240. In addition the central office in Sheffield has an electronic laboratory and a Pegasus electronic computer for the study and practice of production control techniques.

Only once since War II (in 1958) and perhaps currently (figures are not available) has United Steel operated at less than 100% of theoretical capacity. For that matter, this holds true for the entire British steel industry. Postwar demand for British-made steel in Britain has been high; construction, automobiles and other major users of steel have still not been satiated and the figures for United Steel show it.

In gross income from sales and other sources, United Steel shows a rise from \$226,500,000 in the year ended September 1953 to \$306,560,000 in fiscal 1959. The gain in trading profits (profits before taxes, dividends and other important charges) is from \$29,500,000 in 1953 to \$60,800,000 in 1959. In

profits remaining to cover the ordinary (ie, common) dividend, United Steel made \$9,150,000 in 1953 and \$23,600,000 in 1959.

While figures for fiscal 1960 are not yet available, United Steel is one of a relatively small number of British companies to issue half year reports—and it just started the practice this year. In the 24-week period ended March 12 sales amounted to \$176,800,000 which represents a faster clip than half the previous full year's sales (no half-time figures are available for 1959). Trading profits (after depreciation and before debenture and loan interest) came to \$29,300,000, also a faster pace than the previous year.

Stock of United Steel is traded in the US by means of American Depository Receipts. In this company's case there is one underlying British share on deposit in the London branch of Morgan Guaranty Trust Company for each depositary receipt issued here. The ADRs cur-

rently trade around 12 over-the-counter while the underlying shares trade at almost exactly the same amount, 87 shillings and ninepence (with the shilling at 14¢). The company has 30,000,000 ordinary shares of £1 par value outstanding.

Dividends in Britain are reckoned by percentage of par value. In fiscal 1959 United Steel's dividend was 15% of its £1 par value which works out to 3 shillings or 42¢ before British withholding tax. An interim dividend of 6% (16.8¢) was declared in August. For the full year London sources expect the dividend to total 17½-to-20% or 49-to-56¢.

United Steel Companies' debt structure is somewhat complex. There are £10,000,000 (\$28,000,000) of debentures due 1968-78 held by the Iron & Steel Holding & Realisation Agency (whose governmental duty is to complete denationalization of the steel industry). There are also 5,000,000 shares of 4½% preference stock and 4,000,000 shares of 5¾% preference stock (both £1 par).

While full-year earnings figures are not yet available, production figures are, and they show records. Steel ingots came to 3,300,000 tons for the 53 weeks ended September 30 against 2,600,000 in the 52 weeks ended September 30, 1959. Pig iron

production rose to 2,000,000 from 1,800,000 tons.

The sky is not cloudless for United Steel however. A labor agreement was recently concluded, giving a general wage increase and coal prices were recently raised by the National Coal Board. Meantime prices, which are under government control, are not slated to rise, so companies will have to absorb the increased costs.

Moreover, there have been signs of reduced demand in the British auto industry. This affects United Steel less than companies putting out wide strip material for body stampings but could cause some labor trouble later on. A spokesman at Samuel Fox Works, which sells much of its production directly or indirectly to the auto industry, says the branch is still working at full capacity and so far has felt no strain.

Company secretary Ronald Peddie says United Steel believes British steel production, with theoretical capacity of 27,000,000 tons in 1961, will reach 29-to-30,000,000 in 1965 and 35,000,000 in 1980. With its strong present position as a foundation and its electric arc furnaces slated to be working full-scale by 1964, United Steel expects to improve its share of the improving market.

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SEAPAK STORY

This well-stacked display shows some of the many wares of SeaPak Corp which packs and sells complete lines of most fish and seafood products. However as president Thomas B Pearce Jr states: "Shrimp is the backbone of our business. We processed over 10% of the world's breaded shrimp in the last year." The St Simons, Ga company reels in about 80% of sales from peeled and de-veined, breaded and fried shrimp products sold under its PDQ, SeaPak, and Shrimp Ahoy labels. Enterprising Georgians Jaxon O Hice and James J Meadows, formed the company in

1949 with a small plant on St Simons Island, three employes and their own unique quality-preserving method of "flash-freezing" individual seafoods by dropping the temperature to -60°F within 90 seconds; other methods required two hours or more during which time large ice crystals would form in the seafood (composed of 70-to-80% water), thus destroying both flavor and food value when finally defrosted.

Originally a supplier to hotels, ships and other large users, SeaPak's 1952 entrance into the retail market proved so successful sales are now divided equally between its 33 institutional and 38 retail products which are distributed in the US, Canada, Bermuda and Puerto Rico. SeaPak also is "contemplating opening markets in Europe."

During its first seven years SeaPak sales soared from \$140,000 to \$10,000,000 in the July 1956 year. They have hovered around that mark ever since—prices went down while poundage continued to rise. However, thanks to mechanical production efficiencies, improved inventory control and intensive advertising, margins have widened and profits climbed steadily from a mere \$35,000 in 1956 to \$230,000 in fiscal 1959 to \$306,000 this past year. The young management (suntanned Tom Pearce is oldest at 44) has definite ideas concerning SeaPak and the frozen seafood industry: "What we are trying to bring to the American housewife is fish 365 days a year instead of just Friday."



SIXTH SENSE

"Money," said Somerset Maugham, "is like a sixth sense—and you can't make use of the other five without it."

That's not quite literally true, since all the sights and sounds and smells of nature are everyone's to enjoy without money. But there's no getting around the fact that most of the necessities and all of the luxuries of life cost money.

Most of us acquire money by hard work and thrift, a fortunate few by luck or inheritance. Getting it is hard enough; keeping it is harder; and making it grow is harder still. But not impossible.

Making it grow is a matter of putting it to work—by investing, for example, in good common stocks that can increase in value as our economy expands. Lots of people have done it. Why not you?

We've outlined the who, why, what, where, how and when of putting your money to work in a short, simple booklet called "How to Invest in Stocks and Bonds." Send for a copy today. It's free, and it may be an open sesame to a brighter world for you and your five senses.

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